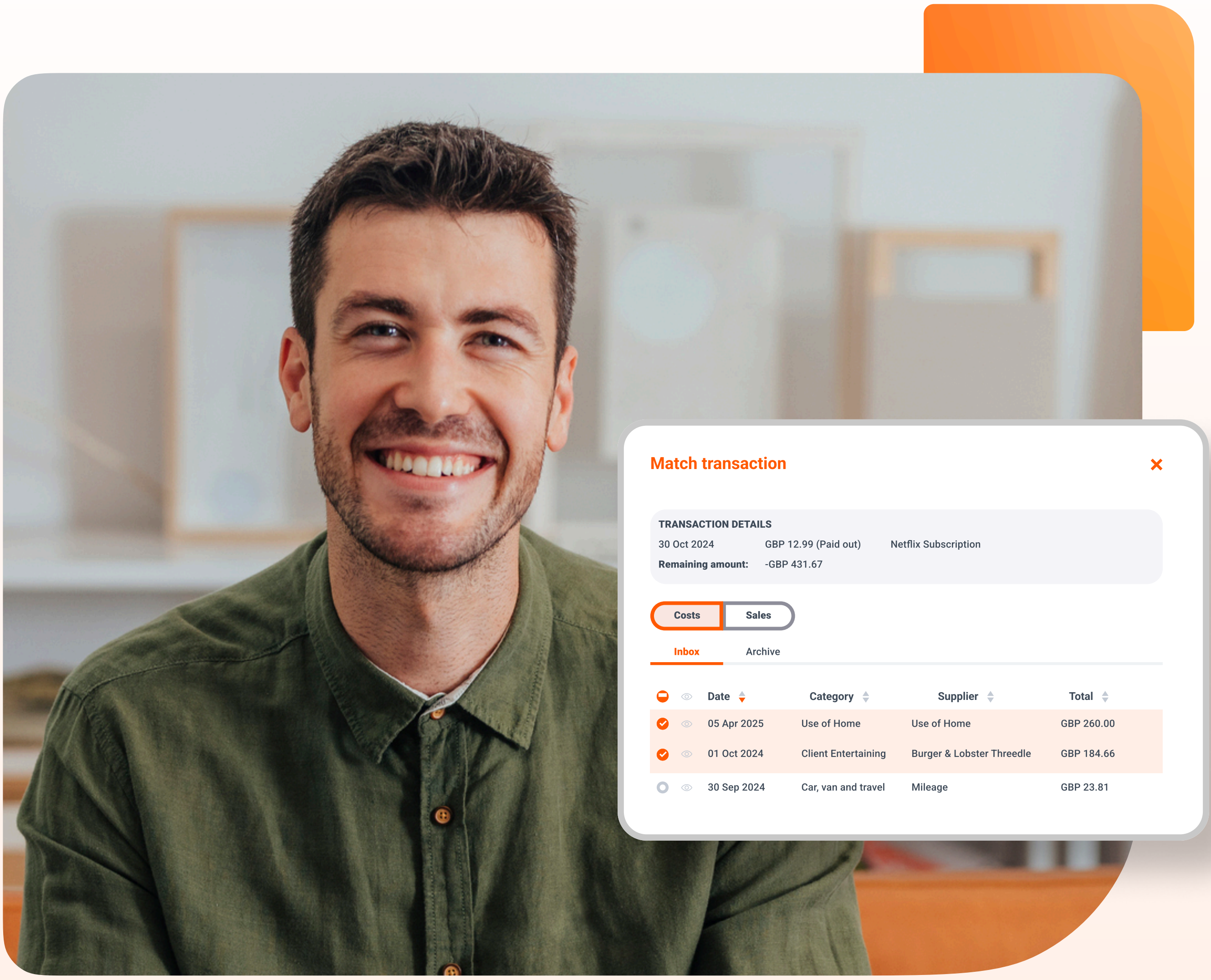
Dext
By IRIS

Guide

The Pricing Guide for MTD IT

Expert advice, strategies and considerations



Introduction

MTD for IT (Making Tax Digital for Income Tax) is well within range. And, with little more than a year to go, time ***really*** is running out. The next twelve months stand as an unmissable opportunity to get ahead and make sure you and your clients are ready come April 2026; those that persist with a 'deal with it later' approach will only leave themselves too much to do.

Among those things is pricing — of which there's plenty to consider. For most firms, MTD for IT will demand a significant change in existing terms of engagement and bookkeeping processes. But, While this will increase compliance requirements, it will also present new revenue opportunities. To start now is to grasp that opportunity with both hands; to delay means you risk missing out.

We've created the following guide to help accountants and bookkeepers navigate pricing for MTD for IT. There's no denying that it's a complex facet — which is why we've simplified it down to a list of key considerations for every possible scenario, no matter what your approach.

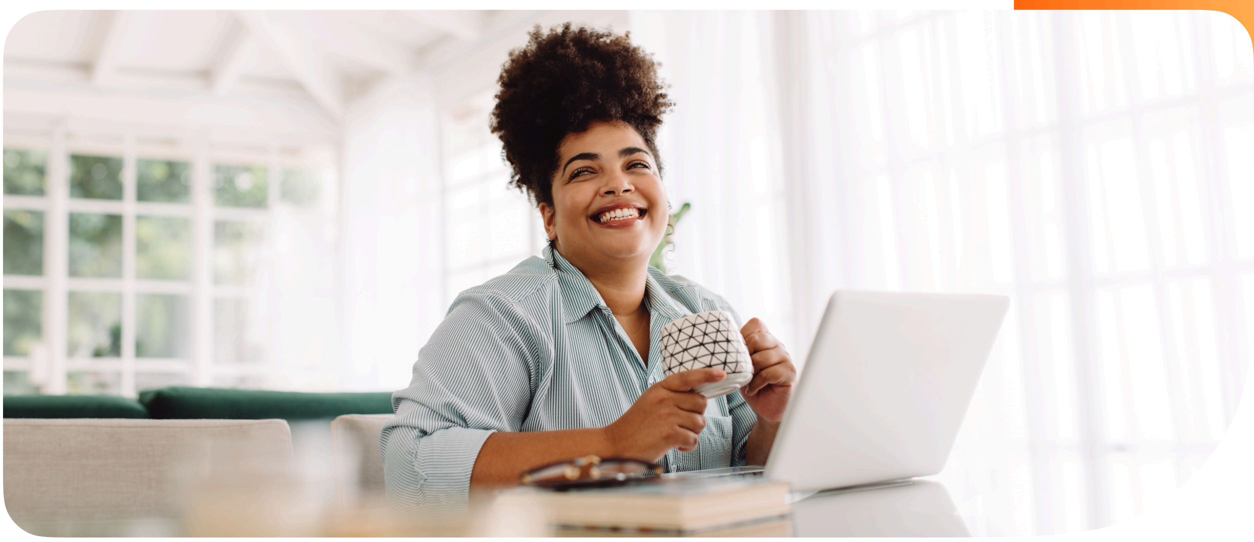
By the time you've read this guide, you'll be able to build a pricing structure that:

Maximises revenue and client satisfaction

Identifies upsell opportunities for advisory services

Improves client engagement and justifies price increases

Above all, you'll stand your firm and clients in great stead for April 2026, ensuring a smooth transition over the next year. **Let's begin.**



Basic pricing implications of MTD for IT

Before we continue, it's worth outlining what pricing in the context of MTD for IT actually means. From 6 April 2026, individuals with combined annual turnover from self-employment and/or gross property rental income exceeding £50,000 will be subject to MTD for IT.

As of April 2027, individuals with combined annual turnover from self-employment and/or gross property rental income exceeding £30,000 will also fall under the mandate. The mandate will require these clients to submit tax filings on a quarterly basis, before the finalisation. And, from 6 April 2028, the threshold will be reduced to £20,000.

As an accountant or bookkeeper, this means that you'll be engaging with these clients more regularly: that once-a-year client will now need your expertise at least four times a year, and that's before you consider additional support to help with change management. Ultimately, it means more work — and it's vital your pricing reflects that.

What you'll learn

Key considerations before you start

There's much to think about when pricing any of your services. But seeing as MTD for IT is new legislation, there are a few founding factors that you must consider.

1 Test the waters before you roll out

There's a science to pricing, and any assumptions you might've had can quickly unravel based on the immediate feedback (or lack thereof) from clients.

For this reason, whenever you introduce or adjust a pricing model, test it with a smaller sample group. At this stage, the worst thing you can do is take a blanket approach and roll out to your entire client base. Let's say you adopt a tiered model where prices range from high to low (more on this later). How your clients respond to those options serves as a good indicator of whether your prices are reasonable. Here are a couple of examples of those indicators:

- **If everyone opts for your most expensive service, it's likely you're pricing too low**
- **If overall uptake is poor, you're probably pricing too high**

Of course, if you sample your entire client base, it may be too late for you to amend your prices based on the feedback and your learnings. A smaller sample size allows you to test and trial with a full disclaimer that things could change. It gives you wriggle room.

Tip

Start with a sample group, roughly 10-20% of your client base. Monitor their choices and feedback before expanding to all clients.

2 Segment clients based on their different needs

Client segmentation is key to ensure you provide a tailored pricing model, because as you well know, each client requires a different level of support. Below, we've summarised a few client types, some of their most common traits and the relevant pricing model that's the right fit for each group.

Client Type	Common Traits	Ideal Pricing Model
Freelancers & Sole Traders	Simple income streams, low transaction volume	Basic / Hybrid model
Landlords (1-2 properties)	Rent collection, mortgage payments	Standard model with advisory add-ons
Portfolio Landlords (3+ properties)	Higher volume, potential VAT considerations if commercial property	Premium model, tax planning upsells (incorporation, CGT etc)
E-Commerce / Retail Businesses	High transaction volume, multiple sales channels. VAT considerations also likely	All models potentially apply
Consultants / High-Earning Professionals	Less frequent transactions, high tax liabilities	Most likely full-service model with tax planning add-ons

Tip

Ensure your pricing tiers align with client complexity and potential workload. If you're a smaller practice, consider bundling certain groups to avoid spreading yourself too thin.

3 Value-based pricing vs. Cost-based pricing

The question of value-based pricing vs. cost-based pricing has had its fair share of debate in recent years. It's a relatively simple concept. And whichever of the two you choose to go with depends entirely on you and your own preferences.

- **Cost-based pricing:** Charges based on the time/effort required to deliver services
- **Value-based pricing:** Charges based on the perceived value to the client

Within the context of MTD for IT — and the inevitable increase in workload — consider carefully which of these methods will allow you to price your services as accurately as possible. As mentioned before, there's no reason why you couldn't use the next twelve months to test both methods with two sample groups.

Tip

Position your MTD services on the eventual outcome. For example, completeness of records or no lost receipts is, in fact, a way to reduce tax liabilities. The same way that visibility of liability due supports cashflow planning, improves financial clarity and minimises risk. Clients will be more willing to pay for services if they understand the long-term benefits and recognise the more obvious value.

4 Automation and software

Your pricing strategy for MTD for IT should take into account the level of automation and software you plan to use. Given that MTD for IT requires submission via HMRC-recognised software, it is mandatory if you're to remain compliant. Outside of that, however, whether you choose or not to use additional software will have a significant bearing on your final price.

When we talk about software, we mean **AI-driven, automated technologies**. If you don't use software, it's very difficult to standardise your approach. There are lots of variables and a higher risk of things going wrong. Take Excel, software in its own right, but significantly limited compared to more advanced software like Dext Solo.

For example, it's easy to input data incorrectly or apply the wrong formula — and things can soon become corrupted. That's in addition to the time you'll spend chasing clients for their records, sifting through data, and manually entering it yourself.

With this approach, you'll only create more work for yourself. Your pricing must reflect that. Alternatively, **AI-powered software allows you to create capacity while retaining a competitive price point**. You can standardise an entire process, and what's more, your pricing strategy.

The layout is consistent for your team, regardless of the client they're working on. Reporting is built in, and any totalling or calculations are done for you. The value remains the same, as does the service the client receives, and the price; the only difference is you have completed the work far more efficiently.

Here are a few questions you should consider:

- **How are clients currently providing their information — once a year, once a month?**
- **How long does it take you to collect and analyse all of that information?**
- **Do clients provide source documents or bank statements?**
- **How much time do you spend trying to work out what transactions relate to within the statement?**
- **Do your clients use a personal or business bank account?**

These are just a few of the questions you need to ask yourself. The key thing to bear in mind is how much easier it is to answer them when software is on your side. You don't have to worry about data collection, data analysis, or even things like source documents or bank statements. With future-proofed software, it's standard practice and taken care of.

Pricing structure options

It's time to put your pricing plan into action. We've drafted a few models that you can use at your firm to roll out to all your clients that fall under MTD for IT. Like we say, whichever model you choose will depend entirely on your own approach and how you engage with clients.

A Tiered service model (Best for client flexibility)

This approach allows clients to choose the level of service that fits their needs. It also gives you the framework to set clear expectations around who does what, if those roles and responsibilities are ever called into question.

Service Level	What's Included?	Price (Monthly)
Bronze/Basic (DIY support)	Software access, email/phone support, quarterly submission checks. Client does the uploading and categorisation of all transactions.	£xx
Silver/Standard (Hybrid Approach)	MTD software + setup, client uploads transactions, accountant/bookkeeper then categorises all transactions	£xx
Gold/ Advanced (Full Service)	All bookkeeping completed by the accountant/bookkeeper – paperbag job plus everything from the other packages.	£xx

In all cases, the accountant or bookkeeper deals with the quarterly updates and finalisation of the return and provides proactive tax advice. There's the added option of a fourth package whereby the client does all the bookkeeping and quarterly updates, and you're only involved at the final tax return stage.

B Volume-based pricing (Best for high-transaction clients)

For businesses with significant transaction volumes, pricing based on volume ensures fair compensation. By itself, this is perfectly fine as an approach to pricing, but an even better solution is to align this strategy with the tiered service model.

Transaction Volume (Monthly)	Price (Monthly)
0 – 50 transactions	£xx
51 – 200 transactions	£xx
201 – 500 transactions	£xx
501+ transactions	Custom pricing

C Hybrid model

It's unlikely you'll find a one-size-fits-all pricing model for MTD for IT, but there is a way to leverage the best bits from all the options available. The hybrid model pulls in elements from both the tiered plan and volume-based approach, whereby the volume of transactions acts as a multiplier for the tiered offering. Of course, higher volumes means there's more to review and more time spent.

Below, you can see how each tiered price point is affected based on the number of transactions. In our eyes, this particular approach allows you to build a consistent pricing strategy that is also determined by each and every client's unique needs. Even better, it is a clear and concise way to communicate your price.

***NB: the prices shown are practical estimations and in no way conclusive of what your price should be**

1-50 transactions

Tier	Base monthly fee	Transactions	Multiplier	Total monthly fee
Bronze	£50.00	1-50	1	£50.00
Silver	£75.00	1-50	1	£75.00
Gold	£100.00	1-50	1	£100.00

51-200 transactions

Tier	Base monthly fee	Transactions	Multiplier	Total monthly fee
Bronze	£50.00	51-200	1.25	£62.50
Silver	£75.00	51-200	1.25	£93.75
Gold	£100.00	51-200	1.25	£125.00

201-500 transactions

Tier	Base monthly fee	Transactions	Multiplier	Total monthly fee
Bronze	£50.00	201-500	1.5	£75.00
Silver	£75.00	201-500	1.5	£112.50
Gold	£100.00	201-500	1.5	£150.00

If you choose to adopt the hybrid model, here are a few things to consider:

More transactions = More time
High transaction volume requires extra time for review. Factor this into your pricing to protect your margins and ensure profitability.

Avoid giving gold service for bronze prices
Some clients pay for a lower-tier package but require more work due to poor record keeping. Quarterly reviews at all service levels help catch these issues early and keep work within scope.

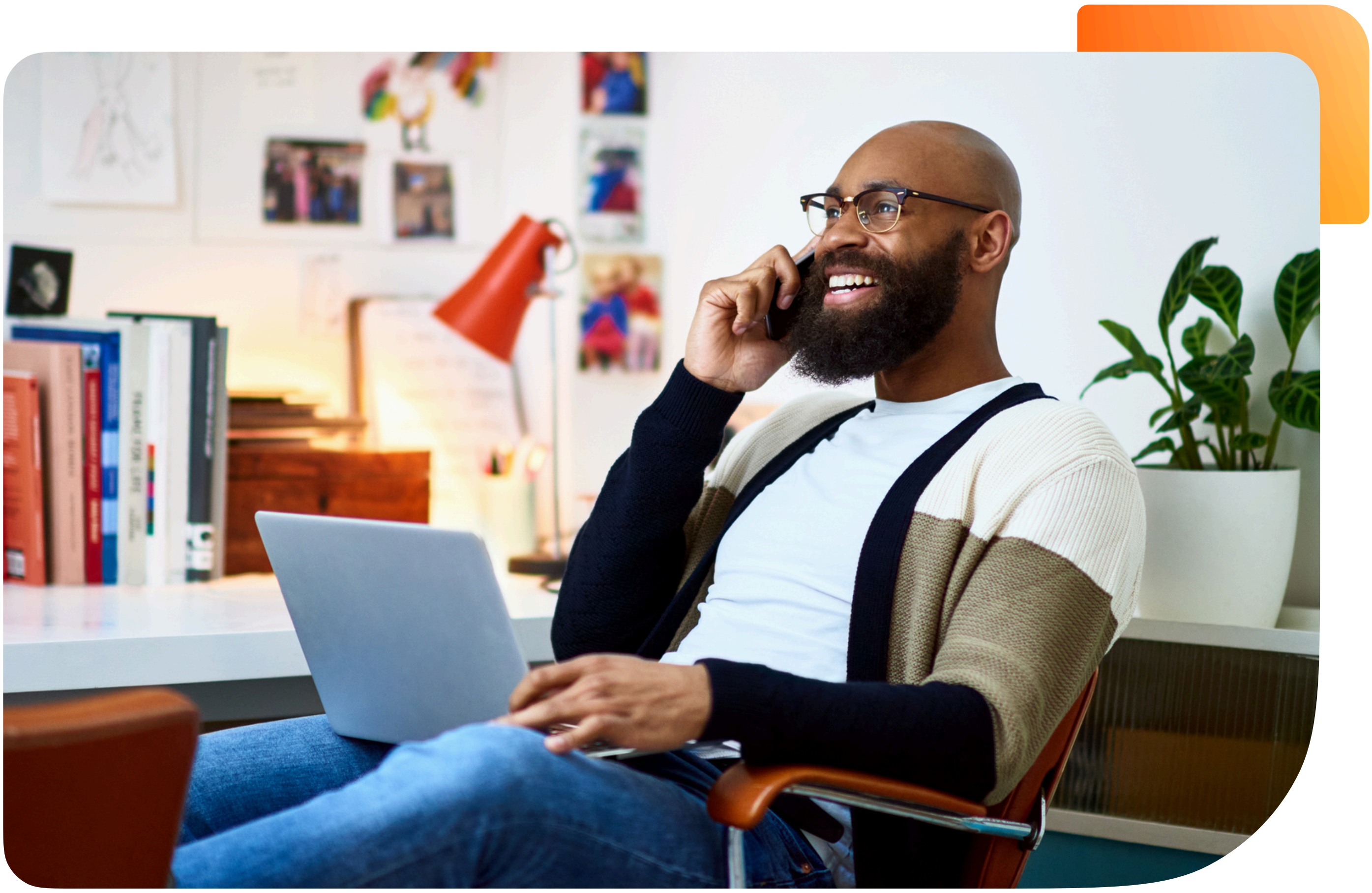
Consider an income stream multiplier
Multiple income streams tend to create more complexity and more time reviewing data. Try to adjust pricing to reflect the extra work involved and consider a multiplier for this.

Consider the use of Proposal Software for greater efficiency
Automate pricing adjustments. Generate engagement letters easily. Streamline billing (move clients from annual billing to quarterly).

Add-on services (Upselling opportunities)

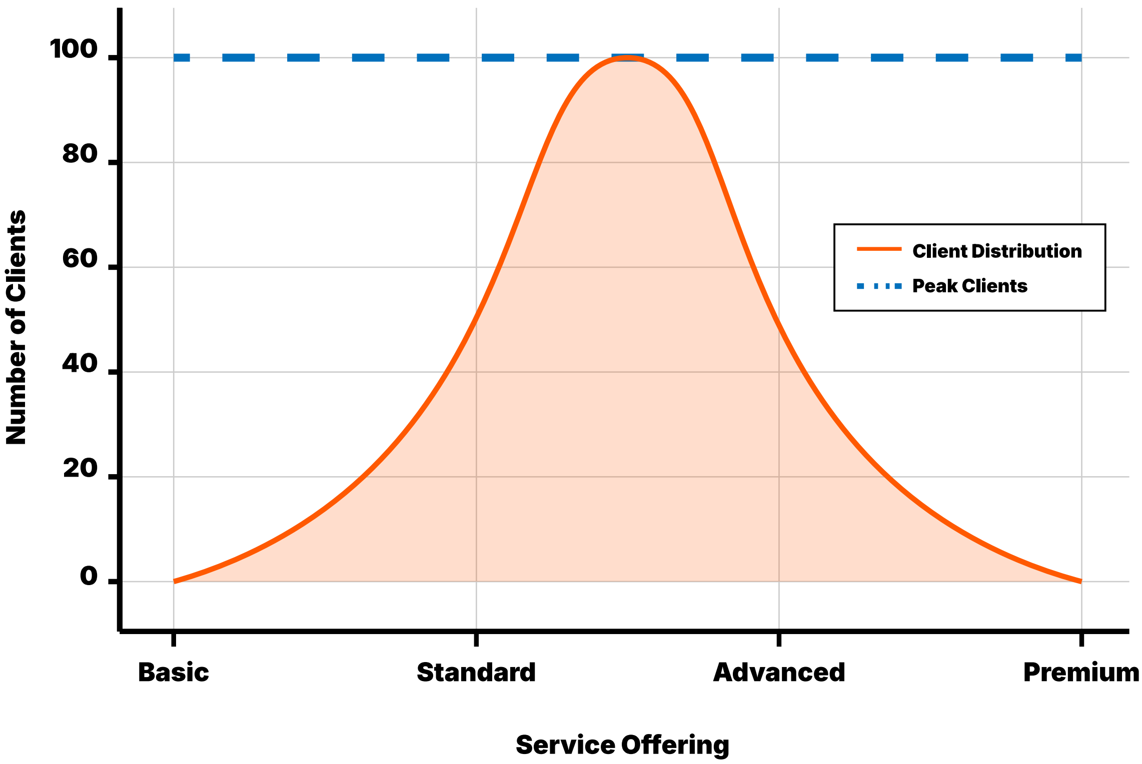
As an extra consideration, you can position MTD for IT compliance as a **gateway** to more valuable services. This allows the client to better gauge the value of what they're getting, compared to more prescriptive measures associated with the mandate.

Additional Service	Pricing
MTD for IT software setup & training (this benefits everyone – particularly those on the cheapest package as you could establish set rules, ensuring more accurate records at the end)	£xx (one-time)
Quarterly tax planning consultation	£xx per session
Annual accounts (if required) & Self-assessment filing (finalisation)	As before.



The “goldilocks” zone

While your pricing model is entirely dependent on you and your clients, there is a preferred route. The “goldilocks” zone ensures that you have a perfectly balanced distribution of clients across your entire service offering. It means your team is optimised to address the entire workload, allocating the correct level of time and focus to each price point. Above all, you’re able to retain a competitive price point within a sustainable, fail-safe model. If you can, this is the blueprint to follow.



Here are a few further considerations:

- **Balanced distribution is key:** Clients are spread across service tiers, avoiding over-concentration in one category
- **Pricing drives behaviour:** If too many clients choose Premium, the price may be too low; if too many choose Basic, the price may be too high
- **Sustainable profitability:** A well-balanced mix ensures profitability across all service levels
- **Market segmentation works:** Offering different tiers attracts diverse client needs and budgets
- **Optimal pricing strategy:** Adjusting prices ensures demand is evenly distributed, preventing over-reliance on any one tier
- **Avoiding extremes:** A skewed distribution can signal the need for pricing adjustments to maintain service value and revenue

Client communication and engagement

The fact that MTD for IT is a new mandate makes communication and engagement with clients absolutely critical. Your time is precious, and while you might be seen by clients as the knowledge fountain for all things MTD, you cannot afford to allocate that much time for every client.

Any communication around changes to pricing should therefore be part of broader conversations around MTD for IT. Be clear around what the mandate is, but more importantly, what implications that has on how much clients will have to pay. Here are some tips to consider when initiating those conversations:

- **Be proactive** – Don't wait for clients to ask. Educate them on upcoming changes
- **Emphasise benefits** – Less paperwork, better financial control, improved tax efficiency
- **Provide options** – Let clients choose a service level that suits their budget

How to overcome client objections

Objection handling is part and parcel of being an accountant or bookkeeper, especially when faced with legislative changes. In this section, we'll be sharing advice on how to overcome and temper any concerns from clients. If you encounter any objections, refer back to these scenarios:

Client concern	How to respond
"I don't want to pay extra for this."	"MTD for IT is a government requirement, and the increased workload means quarterly filings instead of one annual return. We've designed affordable plans to suit different budgets."
"Can I just do it myself?"	"Absolutely, we offer a DIY option. However, many clients find that errors or missed deadlines cost more in penalties than professional help." – You can also link this to added stress and the lack of time available to manage this work.
"Why is there a price increase?"	"With MTD for IT, compliance work increases throughout the year, not just at tax season. Our pricing reflects the additional time needed to keep your finances in order."

There will, of course, be some objections that are simply out of your hands whereby frustrations are directed elsewhere. In this position, soft skills will come in handy. Listen to your clients. Try to find workarounds, or reassure them that things are not as excessive as they might first appear. It may feel like you're delaying the inevitable, but empathy goes a long way.

Email templates

To help you save time, we've also drafted some email examples that you can use to help inform clients of any pricing updates. Feel free to use these as rough templates, or word-for-word copies. Please do check that there are no hidden instructions from us to you before sending these to clients.

1 Initial pricing update

Objection handling is part and parcel of being an accountant or bookkeeper, especially when faced with legislative changes. In this section, we'll be sharing advice on how to overcome and temper any concerns from clients. If you encounter any objections, refer back to these scenarios:

Subject: Important Update: MTD for IT & Your Service Options

Dear [Client],

I hope you are keeping well.

Following our recent conversation about Making Tax Digital (MTD) for Income Tax, I wanted to summarise the key points and outline your options moving forward.

As you know, MTD brings significant changes to tax reporting, including quarterly submissions instead of one annual return. To ensure compliance and minimise stress, we've structured our services into flexible pricing options designed to suit different needs and budgets.
(*Ideally, you will be able to put a price against each based on the clients activity and prior knowledge)

Your MTD Service Options

Basic (DIY Support) – You handle most of the work, and we provide software access and guidance. We recommend that you use [x] at a cost of [£xx] per month.

Standard (Hybrid Approach) – You upload transactions, and we handle categorisation and submissions.

Premium (Full Service) – We take care of everything, ensuring total compliance with minimal effort on your part.

In all scenarios we will review and submit the quarterly updates as well as complete and submit the final tax return for you.

Additionally, we offer **tax planning consultations** and **MTD software training** as optional add-ons.

I'd love to discuss which option best suits your business. Let me know a convenient time for a quick call, or feel free to reply with any questions.

Best regards,
[signature]

2 Follow-up email for clients considering DIY approach

Subject: MTD: Support Options for Managing Your Own Submissions

Dear [Client],

I understand you're considering managing your own MTD submissions, which is absolutely an option. To help make this as smooth as possible, we offer a **DIY Support Package**, which includes:

- MTD-compliant software access. We have reviewed all available products on the market and recommend [x] at a cost of [£xx] per month
- Email/phone support for queries
- Quarterly submission checks to ensure accuracy as well as completion of your final tax return.

  The monthly cost as discussed is [£xx]

Many clients who start with DIY find that managing compliance takes more time than expected. If you ever need to switch to a more hands-on service, upgrading to a **Standard or Premium package** is seamless.

Let me know if you'd like to proceed with the DIY Support Package or if you have any questions.

Best regards,
[signature]

3 Addressing price concerns

Subject: Understanding Our MTD Pricing

Dear [Client],

I wanted to follow up on our recent discussion about MTD pricing, as I understand cost is a concern.

The reason for the pricing change is that MTD increases compliance work, requiring quarterly submissions instead of just one annual return. Our updated pricing reflects the additional time and expertise needed to keep your finances in order.

We've designed flexible service tiers to suit different needs:

✓ **Basic –** For those who want to do it themselves with our support.
✓ **Standard –** A hybrid model where we assist with categorisation and submissions.
✓ **Premium –** A full-service option where we handle everything for you.

In all packages we will review and submit the quarterly updates as well complete your final tax return.

We're happy to work with you to find the best option based on your individual needs and budget.

Best regards,
[signature]

4 Upselling Advisory Services

Subject: <u>MTD & Tax Planning</u>

Dear [Client],

With MTD requiring more frequent financial reporting, there's an opportunity to optimise your tax position throughout the year rather than just at year-end.

Many clients are taking advantage of our Quarterly Tax Planning Consultation, where we:

- Review your financial position ahead of quarterly submissions
- Identify tax-saving opportunities before it's too late
- Help with cash flow planning and forecasting

This approach ensures no missed deductions, fewer surprises at year-end, and better financial control. If you'd like to discuss adding tax planning to your service package, let me know—I'd be happy to go over the details.

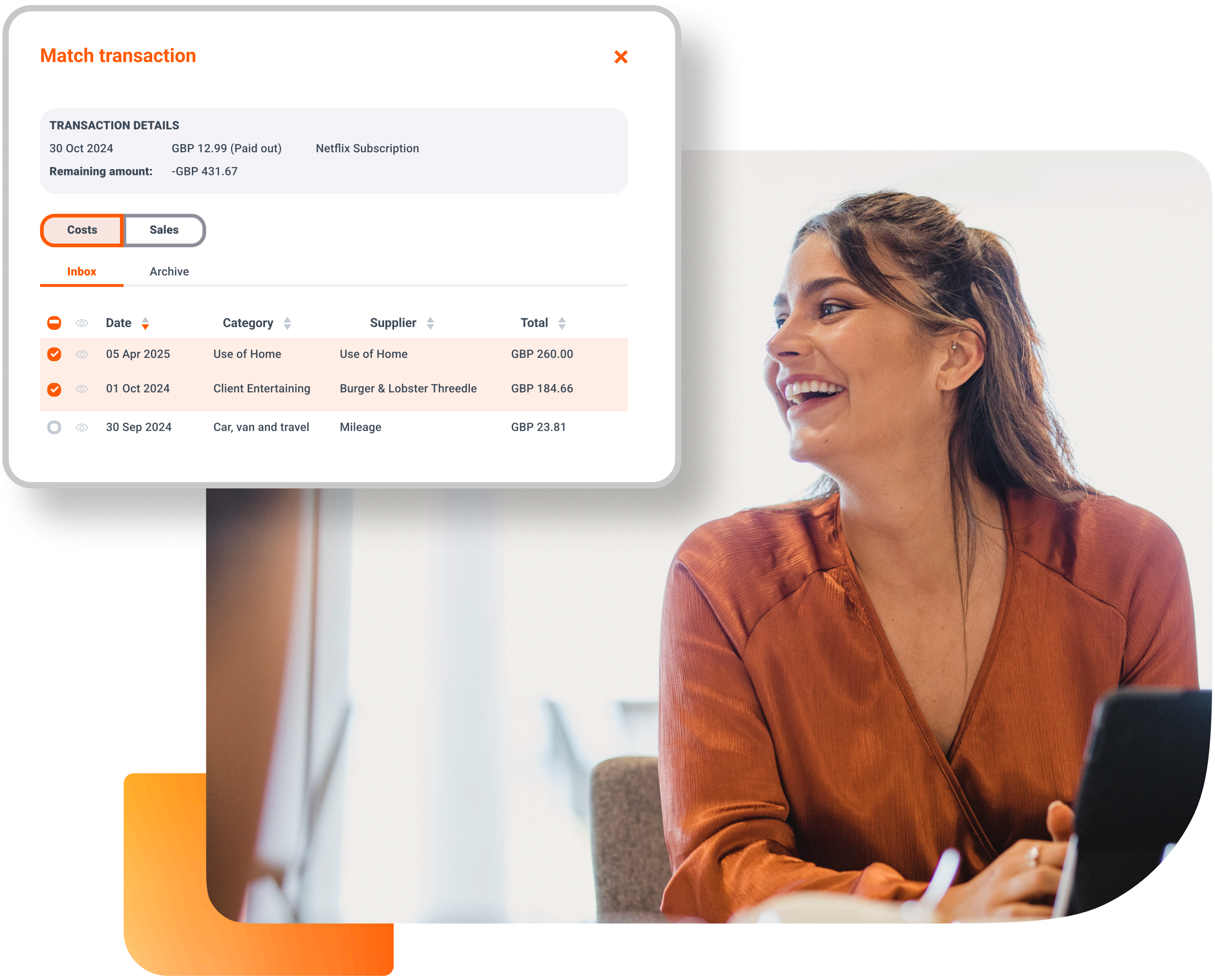
Best regards,
[signature]

Where Dext Solo can help

Dext Solo was designed to help accountants, bookkeepers and their clients manage MTD for IT. It offers a range of time-saving capabilities to soften the load and free you up from things like chasing clients or manually entering data. Instead of being bogged down by manual tasks, Solo allows you to tackle MTD for IT head on. You can reinvest the time you save into other activities, whether that's upselling your services or optimising advisory opportunities.

What is Dext Solo?

Solo was created in response to MTD for IT but is backed by the expertise of the broader Dext platform, drawing on over a decade of innovation in data capture and automation. If you've used Dext Prepare (now simply known as Dext, following our product integration), you'll recognise the same level of functionality and accuracy in Solo.



What is Dext Solo?

Here's a snapshot of some key features:

Submission Methods

Choose the method that suits you (or your clients) best. Upload via the mobile app, email, extract directly from bank feeds, drag and drop from your desktop, or even send files straight from WhatsApp.

Categorisation

Set supplier and customer rules to automatically categorise invoices and receipts — keeping your records organised and easy to locate.

Duplicates

Avoid duplicate entries before they become an issue. We'll flag and remove them for you automatically, prompt you to review, or you can disable this feature entirely — it's up to you.

Disallowable Expenditure

Create predefined rules to automatically determine the disallowable portion of any transaction, saving you time and effort.

Advanced Search & Email Integration

Easily find what you need by searching keywords, dates, or categories — this applies to your email too. Particularly useful if HMRC ever comes knocking.

Personal Expenditure

Get full visibility over personal expenses and ensure they're excluded from tax returns with customisable categories.

Rental Income

Set property ownership percentages to automatically calculate each individual's share of rental income and expenses.

Bank Rules

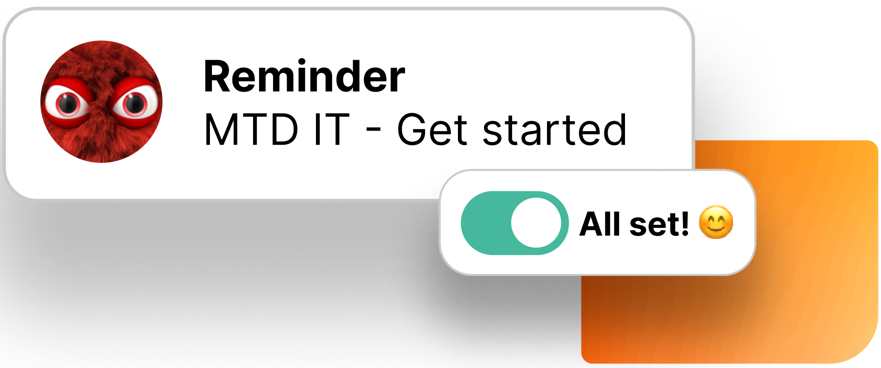
Automate transaction categorisation to simplify workflows and eliminate repetitive tasks.

Bank Match

Link transactions to Cost or Sales items, minimising errors and enabling smarter reporting.

Custom Category Upload

Upload and manage up to three personalised category lists, set a default for new clients, and gain greater control over categorisation.



What you get with Dext Solo

Simplicity

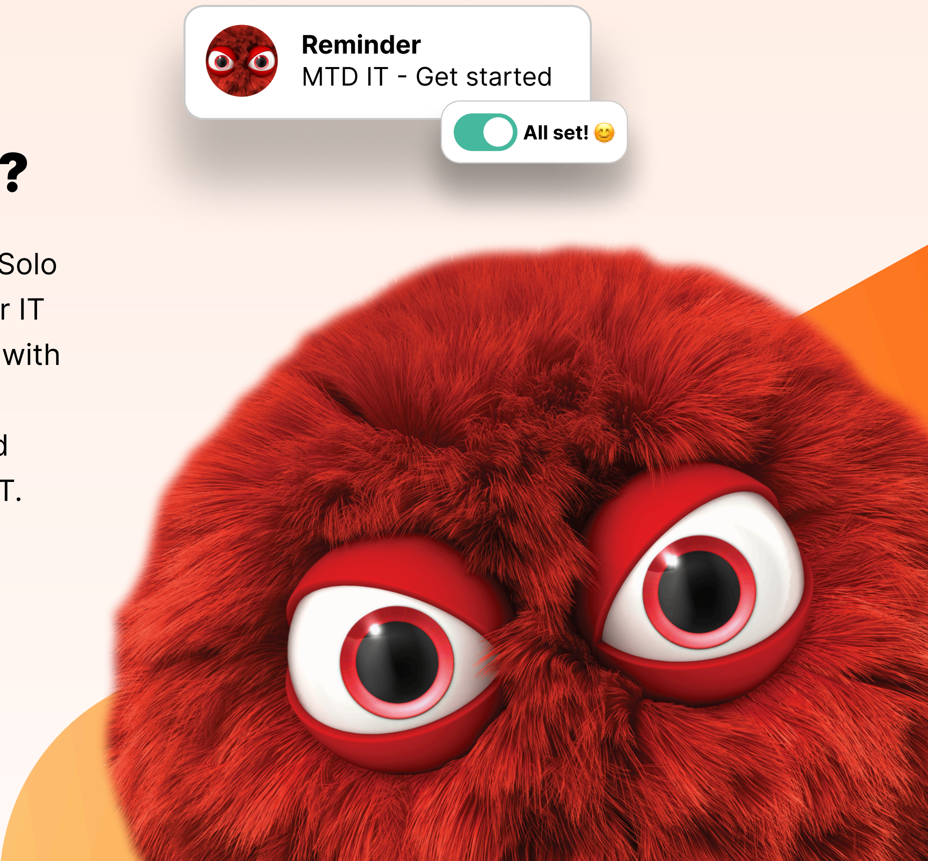
At its core, Solo was designed to give you complete control over your MTD for IT process, allowing you to approach it in a way that works for you and your clients. Want to keep your engagement with this client cohort to a minimum? Solo gives you that option. If you want a more intuitive solution with advanced automation, Solo does that too.

Automation

Solo’s automation allows your team to fly through this type of work without ever compromising on accuracy or the quality of work. You can set predetermined categories when an item is uploaded, or even customise those categories based on the type of transaction you receive from clients. What might seem small, somewhat tedious tasks can save you a whole load of time when you automate them.

Visibility

As clients demand more from you on a more regular basis, it’s essential that you have visibility over the correct data. Like we say, visibility — and subsequent greater control — comes as a result of real-time data capture. You can stay ahead of quarterly deadlines and share far more impactful advice when you have the information in front of you.



Time to try Dext Solo?

If you’d like to find out more about Dext Solo and how it can support you with MTD for IT (and beyond), click below to book a call with someone from our team. See all of its functionality in action, ask questions and discuss your own approach to MTD for IT.

Book a call →

Dext
By IRIS

HMRC-recognised *software for* **MTD IT**.

Try **Dext Solo** *today*.